

EMPLOYMENT RELATIONS

| Budget Summary | | | | | | | |
|----------------|------------------------------|---------------------|------------------------|------------------------|-------------------|---|----------|
| Fund | 2002-03 Base Year Doubled | 2003-05 Governor | 2003-05 Jt. Finance | 2003-05 Legislature | 2003-05 Act 33 | Act 33 Change Over Base Year Doubled | |
| | | | | | | Amount | Percent |
| GPR | \$11,212,600 | \$0 | \$0 | \$0 | \$0 | - \$11,212,600 | - 100.0% |
| PR | <u>3,128,400</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>- 3,128,400</u> | - 100.0 |
| TOTAL | \$14,341,000 | \$0 | \$0 | \$0 | \$0 | - \$14,341,000 | - 100.0% |

| FTE Position Summary | | | | | | |
|----------------------|--------------|---------------------|------------------------|------------------------|-------------------|------------------------------------|
| Fund | 2002-03 Base | 2004-05 Governor | 2004-05 Jt. Finance | 2004-05 Legislature | 2004-05 Act 33 | Act 33 Change Over 2002-03 Base |
| GPR | 71.50 | 0.00 | 0.00 | 0.00 | 0.00 | - 71.50 |
| PR | <u>6.50</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>- 6.50</u> |
| TOTAL | 78.00 | 0.00 | 0.00 | 0.00 | 0.00 | - 78.00 |

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov) | Net Change |
|-------|----------------------------|-----------------------------------|---------------|
| GPR | \$721,600 | - \$16,200 | \$705,400 |
| PR | <u>85,000</u> | <u>0</u> | <u>85,000</u> |
| Total | \$806,600 | - \$16,200 | \$790,400 |

Governor: Provide standard adjustments to the base budget of \$360,800 GPR and \$42,500 PR annually. Adjustments are for: (a) turnover reduction (-\$94,800 GPR annually); (b) removal of non-continuing elements from the base (-\$94,100 GPR annually); (c) full funding of continuing position salaries and fringe benefits (\$535,300 GPR and \$42,500 PR annually; (d) fifth week of vacation as cash (\$8,100 GPR annually); and (e) full funding of lease costs (\$6,300 GPR annually).

Joint Finance/Legislature: Delete funding for fifth week vacation as cash (-\$8,100 GPR annually).

2. LABOR MANAGEMENT COOPERATION PROJECT [LFB Paper 315]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov) | Veto (Chg. to Leg) | Net Change |
|---------|----------------------------|-----------------------------------|-----------------------|------------|
| GPR-REV | \$0 | \$175,000 | - \$175,000 | \$0 |
| PR | \$175,000 | - \$175,000 | \$0 | \$0 |

Governor: Provide increases of \$150,000 PR in 2003-04 and \$25,000 PR in 2004-05 in the Department's employee development and training services appropriation to allow continuation and expansion of the agency's Labor Management Cooperation project. The increased funding would be used to hire trainers/facilitators/consultants to conduct additional workshops, training conferences, forums, steering committee meetings and work site visits for an additional estimated 192 labor-management teams. The revenues to support these increased expenditures would come from using the cash balance in the program revenue account that supports the Department's various training activities.

Joint Finance/Legislature: Delete requested funding increase. In addition, require that, on the effective date of the budget, \$175,000 be lapsed from the balance of the PR appropriation for employee development and training services to the general fund.

Veto by Governor [D-22]: Delete session law provision requiring the lapse. As a result of the partial veto, no lapse would occur and the uncommitted appropriation balance would remain available for subsequent expenditure.

[Act 33 Vetoed Section: 9218(2d)]

3. ENHANCED PERSONNEL SERVICES TO LOCAL GOVERNMENTS

| | |
|----|-----------|
| PR | \$100,000 |
|----|-----------|

Governor: Provide increases of \$40,000 in 2003-04 and \$60,000 in 2004-05 in the Department's services to nonstate governmental units appropriation. The funds would be used to hire LTEs or consultants to design and coordinate a two-year pilot program aimed at expanding and enhancing the personnel services that the Department currently offers to local governmental units in the state. The revenues to support the increased funding would come from fees assessed local governments that choose to request services from DER. The intent of the pilot is to coordinate the providing of the Department's current knowledge of human resources services (recruitment, applicant evaluation, compensation and benefit structures, affirmative action and labor relations) to local units of government who might request the Department's services.

Joint Finance/Legislature: Include provision but require that the requested funding be provided as one-time funding. As a consequence, continued funding of this activity would

have to be requested as a separate budget item in the agency's 2005-07 biennial budget request.

4. BASE BUDGET REDUCTION [LFB Paper 316]

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov) | | Net Change | |
|-------|------------------------------------|------------------|---|------------------|-------------------|------------------|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| GPR | -\$2,276,400 | - 18.60 | -\$605,400 | - 0.90 | -\$2,881,800 | - 19.50 |
| PR | <u>- 51,000</u> | <u>- 0.50</u> | <u>51,000</u> | <u>0.50</u> | <u>0</u> | <u>0.00</u> |
| Total | -\$2,327,400 | - 19.10 | -\$554,400 | - 0.40 | -\$2,881,800 | - 19.50 |

Governor: In connection with the proposed transfer described in item #8 below, delete 3.0 executive salary group (ESG) positions [Department Secretary, Deputy Secretary and Executive Assistant] and 16.10 other unspecified classified positions. In connection with these position reductions, reduce base funding by \$1,138,200 GPR (\$835,100 salaries and \$303,100 fringe benefits) and \$25,500 PR (\$18,700 salaries and \$6,800 fringe benefits) annually and delete a total of 18.60 GPR and 0.50 PR positions.

Joint Finance/Legislature: Modify the Governor's base reduction amounts by deleting an additional 0.90 GPR positions and \$302,700 GPR in 2003-04 and 2004-05 and restoring 0.50 PR position and \$25,500 PR in 2003-04 and in 2004-05 based on a revised calculation of the actual positions to be deleted. [See also Item #8 below.]

5. CONSOLIDATION OF STATE AGENCY ATTORNEYS UNDER DOA [LFB Paper 105]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov) | Net Change |
|-----|------------------------------------|---|-------------------|
| GPR | - 1.00 | 1.00 | 0.00 |

Governor: Delete 1.0 unspecified attorney position from the Department and transfer that 1.0 attorney position authorization to the Department of Administration. As a part of the Governor's proposed consolidation of agency attorneys into DOA, one of the DER's two classified attorney positions would be deleted and the position authorization would be transferred to DOA. No funds would be deleted because under the Governor's proposal, these funds would remain to allow the legal services required for the employment relations functions of state government to be purchased from a new legal services unit to be created within DOA. Instead, reallocate GPR position funding (\$66,300 in salaries and \$24,100 in fringe benefits in 2003-04 and \$88,400 in salaries and \$32,100 in fringe benefits in 2004-05) to supplies and services costs for purchase of legal services. It is expected that the position authorization that would be deleted would be for the attorney position currently serving as the Department's chief legal counsel. The incumbent in the transferred position would retain all of the rights and the same status as the employee had in the Department of Employment Relations prior to the transfer. The transfer would take effect on October 1, 2003, or the first day of the third month following the effective date of the bill.

Joint Finance/Legislature: Delete elimination of the attorney position. Restore salary and fringe benefits funding that was added to supplies and services expenditure category and delete equivalent funding from the supplies and services category. Direct the Secretary of DOA to delete 31.0 FTE executive branch agency attorney positions, other than attorney positions at the University of Wisconsin System, that are vacant on January 2, 2004, and lapse the associated budgeted non-FED salary and fringe benefits amounts to the general fund in 2003-04 and 2004-05. If fewer than 31.0 FTE agency attorney positions are vacant on January 2, 2004, authorize the Secretary of DOA to delete sufficient additional state agency attorney positions, other than at the University of Wisconsin System, to ensure the elimination of a total of 31.0 FTE state agency attorney positions. The additional fiscal effect of this position deletion requirement is reflected under "Administration -- Transfers to the Department."

Veto by Governor [D-2]: Delete all references to the word "attorney," so that the Secretary of DOA must eliminate 31.0 positions that are vacant as of January 2, 2004. Delete the exemption of the University of Wisconsin System, so that the only executive branch agencies that would be exempted from the position reductions are the Department of Employee Trust Funds and the Investment Board.

[Act 33 Section: 9101(9x)]

[Act 33 Vetoed Section: 9101(9x)]

**6. APPROPRIATION FOR USE OF FUNDS RECEIVED FROM
OTHER STATE AGENCIES [LFB Paper 318]**

| | |
|----|-------------|
| PR | - \$732,000 |
|----|-------------|

Joint Finance/Legislature: Reduce by \$366,000 PR annually (from \$691,000 to \$325,000) the Governor's proposed funding level in the agency's continuing appropriation for receipt and expenditure of monies received from other state agencies for the cost of employment services and/or materials provided by the agency. This reduction reflects the actual annual level the agency plans to expend in 2003-05 based on shifting its automated, statewide job application and register system from the state's mainframe system to an internet platform. Also, convert the appropriation type for this appropriation from a continuing appropriation to a sum certain, annual appropriation.

Veto by Governor [D-19]: Delete the provision that would have converted the appropriation from a continuing appropriation to a sum certain, annual appropriation.

[Act 33 Section: 626a]

[Act 33 Vetoed Section: 286 (as it relates to 20.545(1)(k)) and 626a]

7. PUBLICATIONS APPROPRIATION EXPENDITURE LEVELS
[LFB Paper 319]

| | |
|----|------------|
| PR | - \$62,000 |
|----|------------|

Joint Finance/Legislature: Under the Governor's budget, the proposed funding level for the PR sum certain appropriation for the cost of producing publications issued by the agency was \$188,500 annually. Based on planned program expenditures, reduce the funding level by \$38,500 PR in 2003-04 and \$23,500 PR in 2004-05.

8. ELIMINATE DEPARTMENT AND TRANSFER FUNCTIONS TO DOA [LFB Papers 316 and 317]

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov) | | Net Change | |
|---------|------------------------------------|------------------|---|------------------|-------------------|------------------|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| GPR-REV | - \$13,400 | | \$0 | | - \$13,400 | |
| GPR | - \$9,657,800 | - 51.90 | \$621,600 | - 0.10 | - \$9,036,200 | - 52.00 |
| PR | - 3,437,400 | - 6.00 | 918,000 | - 0.50 | - 2,519,400 | - 6.50 |
| Total | - \$13,095,200 | - 57.90 | \$1,539,600 | - 0.60 | - \$11,555,600 | - 58.50 |

Governor: After making the reductions identified above, transfer remaining funding of \$4,828,900 GPR in 2003-04 and 2004-05 and \$1,771,200 PR in 2003-04 and \$1,666,200 PR in 2004-05 from existing appropriations under the Department of Employment Relations (DER) to appropriations in the Department of Administration. Transfer a total of 51.90 GPR and 6.00 PR FTE positions to DOA. Also, transfer \$6,700 GPR-Earned annually to DOA. The transferred GPR funding would be added to DOA's central general program operations appropriation. Five existing separate PR appropriations under DER that have budgeted appropriation authority would be re-numbered and reestablished under DOA for the same purposes and at the same funding level as recommended by the Governor. The appropriations involved and their proposed funding levels are shown in the table below.

| <u>Appropriation Title</u> | <u>Amount in New DOA Appn.</u> | |
|--|--------------------------------|----------------|
| | <u>2003-04</u> | <u>2004-05</u> |
| Services to nonstate governmental units | \$245,000 | \$265,000 |
| Employee development and training services | 561,500 | 436,500 |
| Funds received from other state agencies | 691,000 | 691,000 |
| Publications | 188,500 | 188,500 |
| Collective bargaining grievance arbitrations | 85,200 | 85,200 |

Other existing GPR, PR and FED appropriations with current zero funding would be repealed, as would the GPR appropriation for the general operations of the Department of Employment Relations. The general statutory authorization for a Department of Employment Relations would also be repealed.

Included in the funding and positions transferred to DOA would be 2.0 FTE division administrator positions for the current DER Divisions of Compensation and Labor Relations and Merit Recruitment and Selection. The Governor's budget book indicates that the Governor's intent is to establish two such similar divisions in DOA. In the bill, there is a provision establishing a Division of Merit Recruitment and Selection, however there is no provision in the bill that would require the establishment of the other division.

Currently, most of the responsibilities in Chapter 230 of the Statutes (state employment relations) rest ultimately with the Secretary of DER, except for those provisions relating to merit recruitment and selection which are explicitly placed with the Administrator of Merit Recruitment and Selection. That position is filled by gubernatorial appointment, subject to Senate confirmation, to a five- year term. Under the bill, all of those statutory state employment relations functions (in Chapter 230 and elsewhere) that are currently assigned to the Department of Employment Relations would be transferred to the Department of Administration. All those duties and responsibilities that are currently assigned to the Secretary of Employment Relations would be reassigned to be duties and responsibilities of the Secretary of Administration. However, because both the Secretary of Administration and the Secretary of Employment Relations currently serve as members of the ten-member Group Insurance Board, as a result of the elimination of the position of Secretary of Employment Relations, the size of Group Insurance Board would be reduced to nine members.

Under the bill, those responsibilities and duties currently specifically assigned to the Administrator of the Division of Merit Recruitment and Selection or to that statutory Division would continue to be assigned to that Administrator or Division except for one. Under current law, the Administrator of the Division of Merit Recruitment and Selection is required to provide by rule for exceptional methods and kinds of employment for state employees to meet the needs of the classified service during periods of disaster or national emergency, and for other exceptional employment situations such as to allow the employment of the mentally or physically disabled and the disadvantaged. Under the bill, these specific required duties would be transferred from the Administrator of the Division of Merit Recruitment and Selection to the Secretary of Administration. It should be noted that a technical correction is also needed for one other such provision – relating to the appointment of county veterans service officers – that under the bill would be transferred to the Secretary of DOA. This was an inadvertent drafting error as this responsibility was not intended to be transferred.

The statutory authorization for four unclassified division administrators in DER would be repealed, but authorization for two additional unclassified division administrators in DOA (presumably for the heads of the Divisions of Merit Recruitment and Selection and Compensation and Labor Relations) would be provided. Of the two remaining eliminated unclassified DER division administrator positions, there is currently no funding or position authorization for one of the positions. The other position is the position currently allocated to be the Administrator of the Division of Affirmative Action. Under the bill, authorization would be provided for an unclassified position to be established in the Office of the Secretary of DOA with the responsibility to advise and assist the Secretary on matters related to affirmative action, equal employment opportunity, diversity, and other state employment relation matters. State

Budget Office staff indicate that the intent is that the current position authority for the Administrator of the Division of Affirmative Action would instead be used to fill the proposed new position in DOA. This would not be an executive salary group (ESG) position, but rather the salary level for the position would be set by the Secretary.

An additional change to current law is proposed under the bill. It is proposed that a different procedure be established for the appointment of the Administrator of the Division of Merit Recruitment and Selection. Under current law, the Secretary of Employment Relations, when there is a vacancy in that position, is required to provide the Governor with a position register containing at least five names from which the Governor may nominate a person to be the Administrator of the Division of Merit Recruitment and Selection. Subject to the advice and consent of the Senate, the nominee is appointed to a five-year term. The register of names from which the Governor may select a nominee is to be prepared by the Secretary on the basis of an examination for the position that is conducted in accordance with the general requirements used for the filling of positions in the classified service.

Under the Governor's proposal, these existing provisions would be repealed. Instead, a selection committee composed of the Chief Justice of the Supreme Court, the Speaker of the Assembly, the President of the Senate, and two individuals appointed by the Governor (one of whom may not be a state employee), or these individuals' designees, would be required to compile a list of three qualified individuals from which the Governor may select a person to serve as the Administrator of the Division of Merit Recruitment and Selection. As under current law, the nominee would be appointed, subject to the advice and consent of the Senate, to a five-year term. In the event a Governor declines to nominate a person from the list, the Governor could request that the same group (or their designees) provide the Governor with another list of three qualified individuals for the position. Such process could be repeated until the Governor selects an individual from such a list to nominate to the position.

Provisions would be included to provide that: (a) all assets and liabilities and all tangible personal property of the Department of Employment Relations would be transferred to the Department of Administration; (b) all existing contracts entered into by DER would be continued and transferred to DOA until their expiration; (c) all existing administrative rules and orders issued by DER would remain in effect until they expire or are modified by DOA; (d) all matters pending before DER would be transferred to DOA; and (e) all incumbent employees holding classified positions in DER that would be transferred to DOA and such employees would retain all the rights and the same status as they enjoyed immediately prior to their transfer to DOA and could not be required to serve a probationary period if they have achieved permanent status in their classification.

All of these provisions would become effective on the 30th day following publication of the biennial budget act. Session law language would permit the Department of Employment Relations to expend funds from its existing appropriations for 30 days following the effective date of the bill on a proportionate basis.

Joint Finance/Legislature: After making the additional funding changes identified above, transfer remaining funding of \$4,518,100 GPR in 2003-04 and in 2004-05 and \$1,242,200 PR in

2003-04 and \$1,277,200 PR in 2004-05 and 52.00 GPR and 6.50 PR FTE to the new Office of the State Human Resources Management. This would be in lieu of the Governor's recommendation to incorporate the functions and remaining staff of DER into the Department of Administration. It would continue to provide for the elimination of DER but would instead create an Office of State Employment Relations (see entry under "Office of State Employment Relations" for more details and funding summary).